

1 HB354
2 183968-4
3 By Representatives Boothe, Clouse, Rowe and Martin
4 RFD: State Government
5 First Read: 02-MAR-17

1 (2) CONFIDENTIAL INFORMATION. Information related to
2 the play of a fantasy contest by fantasy contest players
3 obtained as a result of, or by virtue of, a person's
4 employment.

5 (3) ENTRY FEE. Cash or cash equivalent that is
6 required to be paid by a fantasy contest player to a fantasy
7 contest operator in order to participate in a fantasy contest.

8 (4) FANTASY CONTEST. Any fantasy or simulated game
9 or contest in which one or more fantasy contest players
10 compete against each other and winning outcomes reflect the
11 relative knowledge and skill of the fantasy contest players
12 and are determined predominantly by accumulated statistical
13 results of the performance of individuals, including athletes
14 in the case of sporting events.

15 (5) FANTASY CONTEST OPERATOR. A person or entity
16 that offers fantasy contests with an entry fee for a cash
17 prize to the general public.

18 (6) FANTASY CONTEST PLAYER. A person who
19 participates in a fantasy contest offered by a fantasy contest
20 operator.

21 (7) GROSS FANTASY CONTEST REVENUES. The amount equal
22 to the total of all entry fees that a fantasy contest operator
23 collects from all fantasy contest players, less the total of
24 all sums paid out as winning to all fantasy contest players
25 multiplied by the location percentage for Alabama.

26 (8) LOCATION PERCENTAGE. The percentage, rounded to
27 the nearest tenth of a percent, of the total of all entry fees

1 collected from fantasy contest players located in Alabama,
2 divided by the total entry fees collected from all fantasy
3 contest players in fantasy contests.

4 (9) REGULATOR. The Office of the Attorney General.

5 Section 3. (a) (1) No fantasy contest operator shall
6 offer any fantasy contest with an entry fee in this state
7 without first being registered with the Office of the Attorney
8 General. Applications for registration and renewal shall be
9 under oath, in the form prescribed by the Attorney General.
10 The Office of the Attorney General shall make applications for
11 operators available within 180 days of the effective date of
12 this act.

13 (2) A fantasy contest operator that offered fantasy
14 contests in this state prior to May 1, 2016, is entitled to
15 operate fantasy contests in this state upon the effective date
16 of this act, provided such operator files an application for
17 registration with the Office of the Attorney General within 60
18 days of availability of the application.

19 (b) The Office of the Attorney General ~~may not~~ shall
20 adopt rules or regulations limiting or regulating the rules or
21 administration of an individual fantasy contest, the
22 statistical makeup of a fantasy contest, or the digital
23 platform of a fantasy contest operator.

24 (c) At the time of initial registration to offer
25 fantasy contests with an entry fee in this state, a fantasy
26 contest operator shall pay to the Office of the Attorney
27 General an initial registration fee as follows:

1 (1) A fantasy contest operator with 5,000 or more
2 active player accounts shall pay an initial registration fee
3 of eighty-five thousand dollars (\$85,000). A fantasy contest
4 operator with fewer than 5,000 active fantasy contest player
5 accounts shall pay an initial registration fee of five
6 thousand dollars (\$5,000).

7 (2) A fantasy contest operator that has operated in
8 this state, but not immediately preceding its application for
9 registration, shall pay the initial registration fee based
10 upon the total number of active fantasy contest player
11 accounts it had over the most recent 24-month period of
12 operation in the state.

13 (3) A fantasy contest operator that has never
14 operated in this state shall pay an initial registration fee
15 of five thousand dollars (\$5,000).

16 (d) On the anniversary date of the fantasy contest
17 operator's registration, the fantasy contest operator shall
18 annually pay to the Office of the Attorney General a
19 registration renewal fee in accordance with the fee schedule
20 in subdivision (1) of subsection (c).

21 (e) Any operator applying for registration, renewal,
22 or transfer of a registration may operate during the
23 application period unless the Office of the Attorney General
24 has reasonable cause to believe that the operator is or may be
25 in violation of this act and the Office of the Attorney
26 General requires the operator to suspend the operation of any

1 fantasy contest until registration, transfer, or renewal of
2 registration is approved.

3 Section 4. In addition to the registration and
4 renewal fees, a fantasy contest operator shall annually pay to
5 the state General Fund a regulatory assessment of six percent
6 of the fantasy contest operator's gross fantasy contest
7 revenues for the preceding 12 months of operation.

8 Section 5. (a) A fantasy contest operator who
9 operates fantasy contests with an entry fee shall implement
10 commercially reasonable procedures that are intended to
11 accomplish all of the following:

12 (1) Prevent employees of the fantasy contest
13 operator, and relatives living in the same household as such
14 employees, from competing in any such public fantasy contest
15 offered by any fantasy contest operator in which the operator
16 offers a cash prize to the general public.

17 (2) Prevent sharing of confidential information that
18 could affect fantasy contest play with third parties until
19 information is made publicly available.

20 (3) Prevent the fantasy contest operator from
21 participating in a fantasy contest he or she offers.

22 (4) Verify that a fantasy contest player in a
23 fantasy contest is 19 years of age or older.

24 (5) Prevent the fantasy contest operator from
25 offering contests based on the performances of participants in
26 collegiate, high school, or youth athletic events.

1 (6) Prevent the fantasy contest operator from
2 offering a fantasy contest open to the general public that
3 does not establish and make known all prizes and awards
4 offered to winning participants in advance of the game or
5 contest.

6 (7) Provide that no winning outcome is based on the
7 score, point spread, or any performance of any single actual
8 sports team or combination of such teams or solely on any
9 single performance of an individual athlete or participant in
10 any single actual event.

11 (8) Ensure that an individual who is a player in a
12 real-world game or sporting event is restricted from
13 participating in such a fantasy contest that is determined, in
14 whole or in part, on the accumulated statistical results of
15 that player, the player's real-world team, or the sport of
16 competition for which he or she is a player.

17 (9) Allow individuals to restrict themselves from
18 entering a fantasy contest upon request and provide reasonable
19 steps to prevent the person from entering fantasy contests
20 offered by the fantasy contest operator.

21 (10) Disclose the number of entries that a fantasy
22 contest player may submit to each such fantasy contest and
23 provide reasonable steps to prevent players from submitting
24 more than the allowable number.

25 (11) Segregate fantasy contest player funds from
26 operational funds or maintain a reserve that equals or exceeds
27 the amount of player funds on deposit, which reserve may not

1 be used for operational activities. These reserve funds may
2 take the form of cash, cash equivalents, an irrevocable letter
3 of credit, a bond, or a combination thereof, in the amount
4 that must exceed the total balances of the fantasy contest
5 players' accounts.

6 (12) A fantasy contest operator offering fantasy
7 contests with an entry fee in this state shall contract with a
8 third party to annually perform an independent audit,
9 consistent with the standards established by the American
10 Institute of Certified Public Accountants, to ensure
11 compliance with this act and shall submit the results of the
12 audit to the Office of the Attorney General within 270 days of
13 the end of the operator's fiscal year.

14 (13) A fantasy contest operator offering fantasy
15 contests with an entry fee in this state shall not target
16 minors or other excluded players in any advertising.

17 Section 6. A violation of this act is a deceptive
18 trade practice under the Deceptive Trade Practices Act,
19 Chapter 19 of Title 8, Code of Alabama 1975.

20 Section 7. The provisions of this act shall be
21 construed liberally to promote the general welfare of the
22 public and integrity of the fantasy sports industry.

23 Section 8. The Office of the Attorney General shall
24 have the authority to adopt rules to implement and administer
25 this act.

26 Section 9. ~~Article 2 of Chapter 12 of Title 13A,~~
27 ~~Code of Alabama 1975, does not apply to a fantasy contest.~~

1 Section 10. Although this bill would have as its
2 purpose or effect the requirement of a new or increased
3 expenditure of local funds, the bill is excluded from further
4 requirements and application under Amendment 621, now
5 appearing as Section 111.05 of the Official Recompilation of
6 the Constitution of Alabama of 1901, as amended, because the
7 bill defines a new crime or amends the definition of an
8 existing crime.

9 Section 11. This act shall become effective
10 immediately following its passage and approval by the
11 Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on State Government
..... 02-MAR-17

Read for the second time and placed
on the calendar with 1 substitute
and..... 15-MAR-17

Read for the third time and passed
as amended..... 18-APR-17

Yeas 43, Nays 38, Abstains 0

Jeff Woodard
Clerk